

## Opening Statement

**Congressman Paul E. Gillmor (R-OH)**

**Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises**

**April 12, 2005**

***Hearing entitled: "Reforming Credit Rating Agencies: The SEC's Need for Statutory Authority."***

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Thank you, Chairman Baker, for calling this hearing today. I appreciate your efforts at reforming the credit rating agencies and continuing to investigate ways to provide effective oversight.

When Enron failed in late 2001, the credit rating agencies maintained that the company was of investment grade quality until just four days before the company went bankrupt. While there is no doubt that the downgrading of a company's rating should be a serious matter, surely the credit rating agencies could have provided investors with clues that Enron was in dire financial trouble.

I am particularly interested in hearing the SEC describe its current efforts in reforming the credit rating agencies and providing more competition with increased oversight. With the strong interest of this Subcommittee, the Congress and the public, I am curious as to why the SEC has delayed reform for so long. If there are statutory authority questions that the SEC would like Congress to address before moving forward, I look forward to working with Chairman Donaldson to ensure that the SEC has the tools and authority necessary to reform the credit rating system and provide investors with the best available information so that if another Enron occurs, they are given more than four days notice.

I thank the Chairman for calling this hearing.